

Indiana

Department of Local Government Finance

Committed to a fair and equitable property tax system for Hoosier taxpayers.

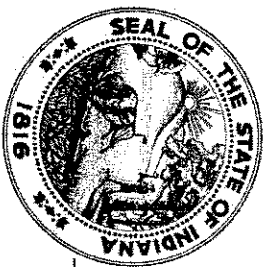


Enterprise Zone Deductions

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Course Overview

- **Review Indiana Code**
- **Calculation of the Deduction**
- **Review Process by County Auditor**
- **Taxpayer's Right to Appeal Changes**
- **Waiver to Correct Problems**
- **Form EZ-2**
- **Frequently Asked Questions**



Indiana Codes

- **Indiana Code establishes the deduction and how it is to be claimed and is reviewed.**
- **Statutes also address appeal procedures and measures to correct certain problems.**
- **Let's review some of these statutes**



Indiana Code 6-1.1-45

- **IC 6-1.1-45-2 Base year assessed value**
- **IC 6-1.1-45-7 Qualified investment**
- **IC 6-1.1-45-9 Deduction; amount**
- **IC 6-1.1-45-10 Extension to File**
- **IC 6-1.1-45-11 Eligibility; appeals**
- **IC 6-1.1-45-12 Deduction limitation**



Indiana Code 6-1.1-45-2

IC 6-1.1-45-2 Base year assessed value

Sec. 2 The base year assessed value equals the total assessed value of the real property and personal property assessed at an EZ location on the assessment date in the calendar year immediately preceding the calendar year in which the taxpayer makes a qualified investment.



Indiana Code 6-1.1-45-7

IC 6-1.1-45-7 Qualified investment includes:

The purchase of a building; the purchase of new manufacturing or production equipment; costs associated with the repair, rehabilitation, or modernization of an existing building & related improvement; onsite infrastructure improvements; the construction of a new building; and the costs associated with retooling existing machinery.



Calculation of the Deduction

- The amount of the deduction is equal to the remainder of:

(1) the total amount of the assessed value of the taxpayer's enterprise zone property assessed at the enterprise zone location on a particular assessment date; minus

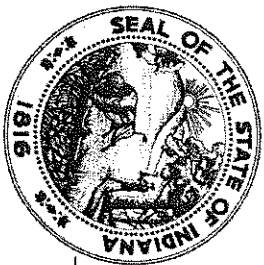
(2) The total amount of the base year of the assessed value for the enterprise zone location.

- IC 6-1.1-45-9



Review Process by County Auditor

- **County Auditor determines the eligibility of each applicant.**
- **Applicant must be notified of the determination by August 15th of the assessment year.**
- **IC 6-1.1-45-11(a)**



Taxpayer's Appeal Rights

- **If the applicant is in disagreement of the County Auditor's determination, a complaint must be filed within forty-five (45 days) of the notification in the office of the clerk of the circuit or superior court.**
- **IC 6-1.1-45-11(b)**



Waiver to Correct Problems

- **An urban enterprise association may by resolution waive failure to file a timely or complete deduction application.**
- **Before adopting a waiver, the association shall conduct a public hearing on the waiver.**
- **IC 6-1.1-45-10(d)**



Review of Timetable

- The Enterprise Zone Investment Deduction Application (Form EZ-2) must be filed with the County Auditor between March 1st and May 15th.
- The County Auditor must notify the applicant of the determination by August 15th of the assessment year.
- If the applicant is in disagreement of the County Auditor's determination, a complaint must be filed within forty-five (45 days) of the notification in the office of the clerk of the circuit or superior court.



Filing Form EZ-2

- If the personal property form includes an enterprise zone deduction claim, a copy of the current assessment year Business Tangible Personal Property Assessment Return (Form 102 or 103) must be attached.
- The form and a personal property tax return are confidential pursuant to IC 6-1.1-35-9.
- Required to be filed each year a deduction is claimed even if no new equipment is acquired in that assessment year.



Frequently Asked Questions

Does the deduction change after it is determined in its first year?



Frequently Asked Questions

Answer:

- IC 6-1.1-45-9(a) states that the deduction is the remainder of the assessed value in the deduction's first year minus the base year assessed value.
- The only time that the deduction would change is if the qualifying asset is removed from the Enterprise Zone.
- If the qualifying asset is no longer being assessed, there would be no asset to apply the deduction to.



Frequently Asked Questions

What is the base year value?

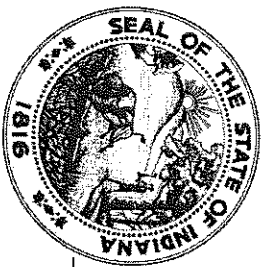
- **The base year assessed value equals the total assessed value of the real property and personal property assessed at an EZ location on the assessment date in the calendar year immediately preceding the calendar year in which the taxpayer makes a qualified investment. IC 6-1.1-45-2**



Frequently Asked Questions

What if the business disposes of the equipment or property, or demolishes the building before the end of the ten (10) year deduction schedule?

- **That portion of the deduction claimed by the taxpayer would not be eligible.**



Frequently Asked Questions

What are some reasons why the Enterprise Zone Deduction may be denied partially or in total?

- **Application may not have been timely filed**
- **Business is not located within the established enterprise zone boundary**
- **Qualifying investment has been removed**



Frequently Asked Questions

Why isn't the enterprise zone deduction calculated in a similar way to the tax abatement deduction?

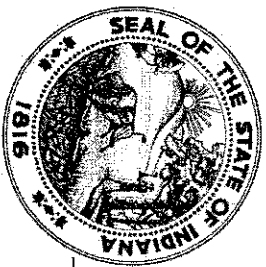
- **Indiana Code 6-1.1-45 covers the way that the enterprise zone deduction is calculated and Indiana Code 6-1.1-12.1 covers the way that tax abatement deductions are handled. The law is very specific on how they should be done.**



Frequently Asked Questions

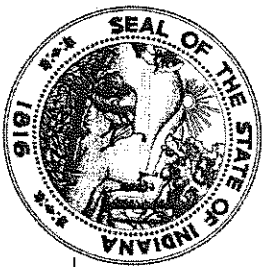
Is it possible that the Constitutional tax cap could override the enterprise zone deduction on a company's tax bill ?

- **Yes, the calculation of the tax cap on the tax bill is separate from the calculation of the assessed value less any deductions on the tax bill. The amount actually due on the tax bill reflects the lesser of the two numbers.**



Enterprise Zone Investment Deduction

Questions??



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